



Dravet Syndrome Foundation

Dravet Syndrome Foundation, Inc.

Financial Statements with Independent Auditor's Report

Years Ended December 31, 2024 and 2023

Dravet Syndrome Foundation, Inc.

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Independent Auditor's Report

To the Board of Directors of
Dravet Syndrome Foundation, Inc.
Cherry Hill, New Jersey

Opinion

We have audited the accompanying financial statements of Dravet Syndrome Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dravet Syndrome Foundation, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dravet Syndrome Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dravet Syndrome Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dravet Syndrome Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dravet Syndrome Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Nanavaty, Davenport, Studley & White, LLP

April 22, 2025

Dravet Syndrome Foundation, Inc.

Statements of Financial Position

At December 31,

Assets	2024	2023
Cash and cash equivalents	\$ 2,079,863	\$ 940,715
Investments	6,345,617	6,443,876
Contributions receivable	36,352	36,608
Prepaid expenses	56,059	83,285
Other assets	19,025	5,418
Total Assets	<u>\$ 8,536,916</u>	<u>\$ 7,509,902</u>
Liabilities and Net Assets		
Liabilities:		
Grants payable, net	\$ 1,442,946	\$ 457,122
Accounts payable and accrued expenses	50,233	68,571
Deferred revenue	16,881	63,762
Total Liabilities	<u>1,510,060</u>	<u>589,455</u>
Net Assets:		
Net assets without donor restrictions	6,988,189	6,892,959
Net assets with donor restrictions	38,667	27,488
Total Net Assets	<u>7,026,856</u>	<u>6,920,447</u>
Total Liabilities and Net Assets	<u>\$ 8,536,916</u>	<u>\$ 7,509,902</u>

The accompanying notes are an integral part of these financial statements.

Statements of Activities

Years Ended December 31,

Net Assets Without Donor Restrictions	2024	2023
Revenues and Other Support:		
Special events - revenues	\$ 1,789,877	\$ 1,629,770
- direct benefits to donors	(301,705)	(283,205)
Net special event revenues	1,488,172	1,346,565
Contributions and grants	1,292,286	1,158,864
Program service revenue	734,789	471,472
Investment return, net	403,243	278,332
Total unrestricted revenues and other support	3,918,490	3,255,233
Net assets released from restrictions	390,820	246,154
Total Revenues and Other Support	4,309,310	3,501,387
Expenses:		
Program services	3,557,818	1,653,706
Management and general	418,901	374,423
Fundraising	237,361	129,212
Total expenses	4,214,080	2,157,341
Change in net assets without donor restrictions	95,230	1,344,046
Net Assets With Donor Restrictions		
Contributions	401,999	61,781
Net assets released from restrictions	(390,820)	(246,154)
Change in net assets with donor restrictions	11,179	(184,373)
Change in net assets	106,409	1,159,673
Net assets at beginning of year (restated)	6,920,447	5,760,774
Net assets at end of year	\$ 7,026,856	\$ 6,920,447

The accompanying notes are an integral part of these financial statements.

Dravet Syndrome Foundation, Inc.

Statement of Functional Expenses

Year Ended December 31, 2024

	Patient and Family Services	Professional Education and Meetings	Research	Total Program Services	Management and General	Fundraising	Total
Grants	\$ 1,450	\$ -	\$ 2,440,023	\$ 2,441,473	\$ -	\$ -	\$ 2,441,473
Salaries and employee benefits	158,379	42,402	137,899	338,680	280,137	161,489	780,306
Conferences and meetings	468,041	95,979	15,197	579,217	18,031	11,203	608,451
Professional fees	81,363	23,316	23,316	127,995	46,708	1,089	175,792
Payroll taxes	12,961	3,136	10,142	26,239	21,782	12,949	60,970
Dues and subscriptions	5,212	512	647	6,371	9,314	19,524	35,209
Office supplies	5,570	159	-	5,729	7,951	18,709	32,389
Patient assistance	22,556	-	-	22,556	-	-	22,556
Bank and credit card fees	1,365	-	1	1,366	14,522	5,849	21,737
Printing	1,892	-	-	1,892	9,694	3,071	14,657
Postage	4,267	-	-	4,267	4,076	731	9,074
Insurance	1,551	53	143	1,747	1,512	2,604	5,863
Taxes, licenses and fees	-	-	-	-	5,031	-	5,031
Telephone	143	143	-	286	143	143	572
Total expenses	<u>\$ 764,750</u>	<u>\$ 165,700</u>	<u>\$ 2,627,368</u>	<u>\$ 3,557,818</u>	<u>\$ 418,901</u>	<u>\$ 237,361</u>	<u>\$ 4,214,080</u>

The accompanying notes are an integral part of these financial statements.

Dravet Syndrome Foundation, Inc.

Statement of Functional Expenses

Year Ended December 31, 2023

	Patient and Family Services	Professional Education and Meetings	Research	Total Program Services	Management and General	Fundraising	Total
Grants	\$ 400	\$ -	\$ 912,455	\$ 912,855	\$ -	\$ -	\$ 912,855
Salaries and employee benefits	140,093	42,178	127,582	309,853	246,504	90,040	646,397
Conferences and meetings	98,893	77,414	18,101	194,408	14,912	6,422	215,742
Professional fees	109,331	26,202	23,250	158,783	48,762	247	207,792
Payroll taxes	11,338	3,130	9,231	23,699	18,996	6,893	49,588
Patient assistance	36,572	-	-	36,572	-	-	36,572
Dues and subscriptions	1,623	243	93	1,959	14,622	11,719	28,300
Office supplies	8,076	514	-	8,590	6,739	4,612	19,941
Bank and credit card fees	228	108	22	358	14,204	101	14,663
Postage	4,772	471	-	5,243	1,423	561	7,227
Printing	-	-	-	-	1,247	5,893	7,140
Insurance	1,055	29	14	1,098	2,270	2,066	5,434
Taxes, licenses and fees	-	-	-	-	4,588	-	4,588
Telephone	144	144	-	288	156	144	588
Advertising	-	-	-	-	-	514	514
Total expenses	<u>\$ 412,525</u>	<u>\$ 150,433</u>	<u>\$ 1,090,748</u>	<u>\$ 1,653,706</u>	<u>\$ 374,423</u>	<u>\$ 129,212</u>	<u>\$ 2,157,341</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 106,409	\$ 1,159,673
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net unrealized gain on investments	(98,867)	(59,918)
Changes in operating assets and liabilities:		
Decrease in contributions receivable	256	18,074
Decrease (increase) in prepaid expenses	27,226	(71,493)
(Increase) decrease in other assets	(13,607)	1,054
Increase in grants payable, net	985,824	157,199
(Decrease) increase in accounts payable and accrued expenses	(18,338)	31,263
Decrease in deferred revenue	(46,881)	(87,381)
Net cash provided by operating activities	<u>942,022</u>	<u>1,148,471</u>
Cash Flows from Investing Activities:		
Sales of investments	500,000	-
Purchases of investments	(302,874)	(1,216,695)
Net cash provided by (used in) investing activities	<u>197,126</u>	<u>(1,216,695)</u>
Net increase (decrease) in cash and cash equivalents	1,139,148	(68,224)
Cash and cash equivalents at beginning of year	<u>940,715</u>	<u>1,008,939</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,079,863</u></u>	<u><u>\$ 940,715</u></u>

The accompanying notes are an integral part of these financial statements.

Dravet Syndrome Foundation, Inc.

Notes to the Financial Statements

Note 1 - Organization

The Dravet Syndrome Foundation, Inc. (DSF) was incorporated as a nonprofit, publicly supported corporation on September 24, 2009 under the laws of the State of Connecticut. DSF was formed to promote and support research regarding Dravet syndrome and related epilepsies. DSF funds research towards better treatments and a cure of Dravet syndrome and related epilepsies by awarding research grants to qualified scientists and doctors. DSF produces an annual Research Roundtable Meeting to provide the opportunity for researchers and clinicians to collaborate and discuss better treatment options and a roadmap toward a cure and how to best facilitate both. Through the International Patience Assistance Grant Program, DSF provides grants to cover expenses not covered by medical insurance.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting and Presentation – The financial statements of DSF have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of DSF are reported in the following net assets categories:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended or designated at the discretion of the Board of Directors. Undesignated net assets represent the portion of expendable funds that are available for support of operations. Designated net assets represent reserves or special designations established by the Board of Directors.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. Some donor restrictions are temporary in nature; those restrictions will be met by actions of DSF or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents are defined as highly liquid instruments with original maturities of three months or less. Cash and cash equivalents held with investment brokers are reported as investments.

Notes to the Financial Statements (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition – Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See NOTE 5 for a discussion of fair value measurements. Purchases and sales of securities are recorded on the ex-dividend date. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include gains and losses on investments bought and sold as well as held during the year.

Revenue and Revenue Recognition – Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend are met.

Contributions receivable that are expected to be collected in more than one year are discounted to their present value. An allowance for uncollectible contributions receivable is provided in the net asset category in which the contribution receivable resides based on an assessment of the credit worthiness of the respective donor, when deemed necessary.

DSF records contributions of cash and other assets as restricted support if they are received as with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions.

DSF recognizes program/grant revenue in the year the program takes place. Any revenue received during the fiscal year for a program/grant that has not taken place is considered deferred revenue. DSF records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place.

DSF's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow DSF to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. All gifts-in-kind received by DSF have been recognized in the financial statements and are considered to be without donor restrictions and able to be used by the organization as determined by its management.

Contributed services are recognized in the financial statements if they enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. While many individuals volunteer their time, and perform a variety of tasks that assist DSF, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts have not been met.

Notes to the Financial Statements (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Grants Payable – Grants payable refers to amounts owed by DSF to external parties (grantees) for purposes of providing financial support as part of DSF's mission. These obligations arise from grant agreements or contracts in which DSF commits to disbursing funds for specific purposes or programs as defined by the terms of the grant. Grants payable should be recognized in the period in which the liability is incurred, which could be when the grant agreement is signed, a disbursement request is made, or other terms of the agreement trigger the obligation. Grants that are expected to be paid in more than one year are recorded at the present value of their estimated cash flows. The discounts on the grants are computed using treasury rates applicable to the years in which the grant commitments were made.

Income Taxes – DSF is a non-profit organization and is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. DSF recognizes the benefits of income tax positions only if those positions are more than likely than not of being sustained. DSF is subject to routine audits by the Internal Revenue Service. There are currently no audits for any tax period in progress prior to 2021.

Functional Expenses and Cost Allocations – DSF allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification. Common expenses that benefit all functional areas of DSF (personnel costs, professional fees, supplies, office expenses) are allocated to the various programs based on a percentage of payroll costs charged to the specific program in relation to total payroll costs of DSF as a whole. Other costs have been allocated between the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Reclassifications – Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year's financial statements. These reclassifications have no effect on previously report change in net assets.

Subsequent Events – In preparing these financial statements, management has evaluated subsequent events through April 22, 2025, which represents the date the financial statements were available to be issued. There were no subsequent events that require disclosure.

Dravet Syndrome Foundation, Inc.

Notes to the Financial Statements (continued)

Note 3 - Concentrations and Risks

Cash and Cash Equivalents – DSF maintains its cash and cash equivalents in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation at each institution up to \$250,000. The balances may at times during the year exceed the FDIC limit; however, DSF does not believe that there is any significant credit risk due to the credit worthiness of the financial institution.

Contributions Receivable – Contributions receivable are generally from donors who have previously contributed to DSF, and, therefore, management considers the pledges to represent minimal credit risk. An allowance for uncollectible contributions receivable, if applicable, is provided in the net asset category in which the contribution receivable resides based on an assessment of the credit worthiness of the respective donor.

Investments – DSF's investments include a diversified portfolio of holdings managed by professional investment advisors, designed to minimize market concentration risks.

Note 4 - Liquidity and Availability of Resources

DSF's financial assets available within one-year of December 31 for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	\$ 2,079,863	\$ 940,715
Investments	6,345,617	6,443,876
Contributions receivable due within one year	36,352	36,608
Other assets	19,025	5,418
	<u>8,480,857</u>	<u>7,426,617</u>
Less net assets related to the above assets that are:		
- Board-designated endowment funds	(937,673)	(549,579)
- Board-designated patient assistance program	(41,337)	(33,329)
- Net assets with donor restrictions	(38,667)	(27,488)
	<u>(1,017,677)</u>	<u>(610,396)</u>
Total Financial Assets Available to Management for General Expenditure within One-Year	<u>\$ 7,463,180</u>	<u>\$ 6,816,221</u>

DSF maintains a policy of structuring their financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, DSF operates within a balanced budget and anticipates sufficient revenues to cover general expenditures.

Notes to the Financial Statements (continued)

Note 5 - Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) Topic 820, under the FASB Accounting Standards Codification (“ASC”) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at NAV at the date of the statement of financial position or in the near term, which DSF has determined to be within 90 days.

Level 3 - Assets that have little to no pricing observability as of the report date. These assets are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using an NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by DSF.

Notes to the Financial Statements (continued)

Note 5 - Fair Value Measurements (continued)

DSF considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to DSFs' perceived risk of that instrument. DSF's policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2024 and 2023:

Common Stocks, ETFs and Mutual Funds - These items are valued at the closing price reported in the active market in which the individual securities are traded. Mutual funds are valued at the quoted net asset value of shares held by DSF at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while DSF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There have been no changes in the methodologies used at December 31, 2024 and 2023.

Assets Measured at Fair-Value on a Recurring Basis - The following is a summary of the source of fair-value measurements for assets that are measured at fair-value on a recurring basis as of December 31:

<u>Investment Description (All Level 1)</u>	<u>2024</u>	<u>2023</u>
Mutual funds	\$ 5,407,906	\$ 5,921,899
Exchange traded funds	915,823	521,852
Cash in brokerage accounts	21,888	125
Total investments at fair value	<u>\$ 6,345,617</u>	<u>\$ 6,443,876</u>

Investment return, net is comprised of the following at December 31:

	<u>2024</u>	<u>2023</u>
Dividends and interest	\$ 304,376	\$ 218,414
Net unrealized gain	98,867	59,918
Investment return, net	<u>\$ 403,243</u>	<u>\$ 278,332</u>

Dravet Syndrome Foundation, Inc.

Notes to the Financial Statements (continued)

Note 6 - Grants Payable

Grants payable, net, consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Amounts expected to be paid in:		
Less than one year	\$ 993,749	\$ 421,583
Beyond one year	500,000	41,250
	1,493,749	462,833
Less: discount to net present value	(50,803)	(5,711)
Grants payable, net	<u>\$ 1,442,946</u>	<u>\$ 457,122</u>

Grants that are expected to be paid after one year have been discounted to rates ranging from 4.14% to 4.80% based on the date that the grant commitment was made. Grants payable have been reflected at their net present value in the financial statements.

Note 7 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Board-designated for endowment	\$ 937,673	\$ 549,579
Board-designated for patient assistance program	41,337	33,329
Undesignated	6,009,179	6,310,051
	<u>\$ 6,988,189</u>	<u>\$ 6,892,959</u>

Board-Designated for Endowment

The Board of Directors of DSF have established the Dravet Syndrome Foundation's Endowment (the "Endowment") to prudently manage Board designated investments to support the mission of DSF by providing an alternative source of funds for current and future use. The Endowment has two primary goals: (1) the principal of the endowment's assets must be preserved in perpetuity (2) the endowment should strive to achieve investment returns sufficient to supplement ongoing endeavors to grow the endowment so that it represents an even larger source of funding for future generations.

In April 2024 the Board of Directors approved funding the endowment with an additional \$250,000 at a rate of \$30,000 per month.

Dravet Syndrome Foundation, Inc.

Notes to the Financial Statements (continued)

Note 7 - Net Assets Without Donor Restrictions (continued)

Board-Designated for Patient Assistance Program

The Board of Directors of DSF has established these designated funds to offer grants to families of patients with Dravet Syndrome and associated conditions for necessary medical expenses associated with this condition that are not covered through private insurance or other assistance programs. Each year, a minimum of 3% of net revenue (after fundraising expenses) of the organization will be allocated to this program. Applicants may apply once per grant cycle with a lifetime award of a maximum of \$5,000.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Endowment funds restricted in perpetuity	\$ 1,071	-
Purpose restricted:		
Scientific research	34,526	25,000
Patient assistance	3,070	2,488
Total purpose restricted net assets	<u>37,596</u>	<u>27,488</u>
Total net assets with donor restrictions	<u>\$ 38,667</u>	<u>\$ 27,488</u>

Net assets of \$390,820 and \$246,154 for the years ended December 31, 2024 and 2023, respectively, were released from donor restrictions by incurring expenses satisfying donor restrictions.

Note 9 - Endowment

DSF's endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of DSF has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, DSF classifies as restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Dravet Syndrome Foundation, Inc.

Notes to the Financial Statements (continued)

Note 9 - Endowment (continued)

The portion of the endowment fund that is not classified as net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for future periods until those amounts are appropriated for expenditure by DSF in a manner consistent with the standard of prudence prescribed by CTPMIFA.

In accordance with CTPMIFA, DSF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of DSF and the donor-restricted endowment fund
- The investment policies of DSF
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of DSF

Net Assets - Endowment net assets (all with donor restrictions) are as follows as of December 31, 2024:

Total endowment funds	<u><u>\$ 1,071</u></u>
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Changes in endowment net assets (all with donor restrictions) for the year ended December 31, 2024 are as follows:

Endowment net assets at January 1, 2024	\$ -
Contributions	<u>1,071</u>
Endowment net assets at December 31, 2024	<u><u>\$ 1,071</u></u>

Funds with Deficiencies - From time to time, the fair value of investments associated with donor-restricted endowment funds may fall below the level that the donor or CTPMIFA requires DSF to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no funds with deficiencies as of December 31, 2024.

Return Objectives and Risk Parameters - DSF has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested to meet DSF's primary objective of preservation of their capital investments and the secondary objective of long-term capital appreciation.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, DSF currently relies on a strategy of investing in securities and mutual funds in which investment returns are achieved through capital appreciation (realized and unrealized).

Notes to the Financial Statements (continued)

Note 9 - Endowment (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy – DSF’s Board of Directors has approved a spending policy that considers annual returns each fiscal year as eligible for a contribution to DSF’s operating expense budget.

Note 10 - Related Party Transactions

During the year ended December 31, 2024, DSF received contributions in the amount of \$634,131 from organizations that have common Board members to DSF.

Note 11 - Restatement

Net assets without donor restricted at December 31, 2023 have been restated to reflect the discount of \$5,711 on grants payable that extended through December 31, 2025.